

Introduced by Senator DuchenyFebruary 20, 2004

An act to add Part 12 (commencing with Section 53550) to Division 31 of the Health and Safety Code, relating to financing housing, and by providing the funds necessary therefor through the issuance and sale of bonds of the State of California and by providing for the handling and disposition of those funds.

LEGISLATIVE COUNSEL'S DIGEST

SB 1595, as introduced, Ducheny. State Housing Investment Trust Act of 2004.

Existing law establishes various programs to provide financial assistance for housing.

This bill would enact the State Housing Investment Trust Fund Act of 2004 which, if adopted, would authorize the issuance of bonds in an unspecified amount pursuant to the State General Obligation Bond Law for the purpose of financing new construction and rehabilitation of housing developments affordable to low- and very low income individuals and families.

The bill would provide for submission of the bond act to the voters at the next statewide election in accordance with specified law.

Vote: ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Part 12 (commencing with Section 53550) is
- 2 added to Division 31 of the Health and Safety Code, to read:
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PART 12. HOUSING INVESTMENT

CHAPTER 1. GENERAL PROVISIONS

53550. This part shall be known and may be cited as the State Housing Investment Trust Fund Act of 2004.

53551. The Legislature finds and declares all of the following:

(1) California's current Statewide Housing Plan calls for the construction of between 220,000 and 250,000 housing units each year for the next 20 years to meet the demand driven by population growth, job creation, and new household formation.

(2) In recent years, actual housing production has fallen far below that goal, averaging less than 120,00 housing units during the decade of the 90s. As a result, California has accumulated a supply deficit of approximately 1 million housing units.

(3) While the national homeownership rate has reached record highs, the rate of homeownership in California, at 57 percent of households, is 11 percent below the national average, and ranks second-to-last in the nation.

(4) New housing construction contributes significantly to the state's gross domestic product. Studies have shown that the homebuilding industry contributes more than \$50 billion per year to the California economy in direct, indirect, and induced economic benefits and annually creates well over 400,000 jobs statewide.

(5) Housing is not only a significant segment of the state's economy but is also pivotal to California's long-term economic competitiveness and short-term economic recovery. The lack of an adequate supply of housing for all income levels of California's population, especially the state's workforce, is a significant threat to sustained economic prosperity.

(6) State government has a responsibility to provide decent and affordable housing opportunities for all Californians, particularly for families of low and very low incomes.

(7) There is an immediate need to reaffirm this basic responsibility by providing reliable and sufficient financial resources to meet its obligations to low- and very low income families on an ongoing basis.

(8) Limited funds, inefficient methods of allocation, and cumbersome and costly programs combine to create an uncertain and disorderly state policy of providing housing assistance to low- and very low income families. There is a need to create a more reliable means of funding for low- and very low income housing assistance. There is also a need to establish new, more effective performance-based housing programs as well as more equitable allocation methodologies to maximize low- and very low income housing assistance and produce a higher level of results.

(9) To strategically and systematically link state housing funds to the responsibility of cities and counties to plan for and approve housing to meet their respective needs, regional housing trust funds should be established for the purpose of creating a reliable base of capital for assisting in financing construction, rehabilitation, or other activities designed to provide affordable housing to low- and very low income families.

53552. As used in this part, the following terms have the following meanings:

(a) “Committee” means the Housing Finance Committee created pursuant to Section 53556.

(b) “Fund” means the State Housing Investment Trust Fund created pursuant to Section 53553.

CHAPTER 2. HOUSING INVESTMENT PROGRAM

53553. The proceeds of bonds issued and sold pursuant to this part shall be deposited in the State Housing Investment Trust Fund, which is hereby created.

53553.1. (a) Moneys deposited in the State Housing Investment Trust Fund from the sale of bonds pursuant to this part shall be allocated to Regional Housing Investment Trust Funds through a formula established by the Department of Housing and Community Development based on, but not limited to, the following criteria:

(1) The need, quantified annually, for low- and very low income housing units in the region, as determined through the regional housing needs assessment, pursuant to Section 65583 of the Government Code.

(2) The number of residential building permits issued in the region during the previous three years.

(b) No portion of the money allocated pursuant to this section may be expended for project operating costs, except that this section does not preclude expenditures for operating costs from reserves required to be maintained by or on behalf of the project sponsor.

(c) The Bureau of State Audits shall conduct periodic audits to ensure that bond proceeds are awarded in a timely fashion and in a manner consistent with the requirements of this part, and that awardees of bond proceeds are using funds in compliance with the applicable provisions of this part.

53553.2. In order to receive funds pursuant to this part, cities and counties in each region of California shall establish a joint powers agency to be known as the regional housing investment trust agency. Each agency shall establish a regional housing investment trust fund. Each regional housing trust agency shall have the primary purpose of financing new construction and rehabilitation of housing developments affordable to low- and very low income individuals and families. The primary form of financing shall be loans that provide subordinated gap financing with other forms of financing. Once established, each regional housing trust agency shall be eligible to receive funds pursuant to this part.

53553.3. Each regional housing trust agency shall have responsibilities and powers that include, but are not limited to, the following:

(a) Receive and disburse funds allocated by the State Housing Investment Trust Fund.

(b) Adopt and promulgate procedures and criteria for receiving and reviewing applications for funding, awarding funds to applicants, and administering and enforcing terms of the funding awards pursuant to the purposes of, and program requirements set forth in, this part.

(c) Contract with one or more state or local public agencies or with a private entity for purposes of carrying out the activities authorized under this part.

(d) Issue multifamily revenues housing bonds for projects within the region.

53553.4. Proceeds from the State Housing Investment Trust Fund received, disbursed, and administered by the regional housing investment trust agencies shall be limited in their use to

1 the programs defined in Section 53553.1 that are designed to do
2 all of the following:

3 (a) Provide the highest possible level of production of housing
4 units affordable to low- and very low income households.

5 (b) Provide the maximum benefit to California taxpayers.

6 (c) Maximize the use of other public and private funds for low-
7 and very low income housing.

8 (d) Match the needs of localities, as determined by the regional
9 housing needs assessment.

10 53553.5. The Legislature may, from time to time, amend the
11 provisions of law related to programs to which funds are, or have
12 been, allocated pursuant to this section for the purpose of
13 improving the efficiency and effectiveness of the program, or for
14 the purpose of furthering the goals of the program.

15
16 CHAPTER 3. FISCAL PROVISIONS
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18 53554. Bonds in the total amount of ____ dollars (\$____), or
19 so much thereof as is necessary, not including the amount of any
20 refunding bonds, or so much thereof as is necessary, may be issued
21 and sold to provide a fund to be used for carrying out the purposes
22 expressed in this part and to reimburse the General Obligation
23 Bond Expense Revolving Fund pursuant to Section 16724.5 of the
24 Government Code. The bonds, when sold, shall be and constitute
25 a valid and binding obligation of the State of California, and the
26 full faith and credit of the State of California is hereby pledged for
27 the punctual payment of both principal of, and interest on, the
28 bonds as the principal and interest become due and payable.

29 53555. The bonds authorized by this part shall be prepared,
30 executed, issued, sold, paid, and redeemed as provided in the State
31 General Obligation Bond Law (Chapter 4 (commencing with
32 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
33 Code), and all of the provisions of that law apply to the bonds and
34 to this part and are hereby incorporated in this part as though set
35 forth in full in this part.

36 53556. (a) Solely for the purpose of authorizing the issuance
37 and sale pursuant to the State General Obligation Bond Law of the
38 bonds authorized by this part, the Housing Finance Committee is
39 hereby created. For purposes of this part, the Housing Finance
40 Committee is “the committee” as that term is used in the State

1 General Obligation Bond Law. The committee consists of the
2 Controller, Treasurer, Director of Finance, Secretary of the
3 Business, Transportation and Housing, the Director of Housing
4 and Community Development, and the Executive Director of the
5 California Housing and Finance Agency, or their designated
6 representatives. The Treasurer shall serve as chairperson of the
7 committee. A majority of the committee may act for the
8 committee.

9 (b) For purposes of the State General Obligation Bond Law, the
10 Department of Housing and Community Development is
11 designated the “board.”

12 53557. The committee shall determine whether or not it is
13 necessary or desirable to issue bonds authorized pursuant to this
14 part in order to carry out the actions specified in Chapter 2
15 (commencing with Section 53553) and, if so, the amount of bonds
16 to be issued and sold. Successive issues of bonds may be
17 authorized and sold to carry out those actions progressively, and
18 it is not necessary that all of the bonds authorized to be issued be
19 sold at any one time.

20 53558. There shall be collected each year and in the same
21 manner and at the same time as other state revenue is collected, in
22 addition to the ordinary revenues of the state, a sum in an amount
23 required to pay the principal of, and interest on, the bonds each
24 year. It is the duty of all officers charged by law with any duty in
25 regard to the collection of the revenue to do and perform each and
26 every act that is necessary to collect that additional sum.

27 53559. Notwithstanding Section 13340 of the Government
28 Code, there is hereby appropriated from the General Fund in the
29 State Treasury, for the purposes of this part, an amount that will
30 equal the total of the following:

31 (a) The sum annually necessary to pay the principal of, and
32 interest on, bonds issued and sold pursuant to this part, as the
33 principal and interest become due and payable.

34 (b) The sum necessary to carry out Section 53560, appropriated
35 without regard to fiscal years.

36 53560. For the purposes of carrying out this part, the Director
37 of Finance may authorize the withdrawal from the General Fund
38 of an amount not to exceed the amount of the unsold bonds that
39 have been authorized by the committee to be sold for the purpose
40 of carrying out this part. Any amounts withdrawn shall be



deposited in the fund. Any money made available under this section shall be returned to the General Fund from proceeds received from the sale of bonds for the purpose of carrying out this part.

53561. All money deposited in the fund that is derived from premium and accrued interest on bonds sold shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

53562. Pursuant to Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code, the cost of bond issuance shall be paid out of the bond proceeds. These costs shall be shared proportionally by each program funded through this bond act.

53563. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, including other authorized forms of interim financing that include, but are not limited to, commercial paper, in accordance with Section 16312 of the Government Code, for purposes of carrying out this part. The amount of the request shall not exceed the amount of the unsold bonds that the committee, by resolution, has authorized to be sold for the purpose of carrying out this part. The board shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this part.

53564. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. Approval by the voters of the state for the issuance of the bonds described in this part includes the approval of the issuance of any bonds issued to refund any bonds originally issued under this part or any previously issued refunding bonds.

53565. Notwithstanding any other provision of this part, or of the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this part that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes, subject to designated conditions, the Treasurer may maintain separate accounts for the investment of bond proceeds and for the investment of earnings on those

1 proceeds. The Treasurer may use or direct the use of those
2 proceeds or earnings to pay any rebate, penalty, or other payment
3 required under federal law or take any other action with respect to
4 the investment and use of those bond proceeds required or
5 desirable under federal law to maintain the tax-exempt status of
6 those bonds and to obtain any other advantage under federal law
7 on behalf of the funds of this state.

8 53566. The Legislature hereby finds and declares that,
9 inasmuch as the proceeds from the sale of bonds authorized by this
10 part are not “proceeds of taxes” as that term is used in Article
11 XIII B of the California Constitution, the disbursement of these
12 proceeds is not subject to the limitations imposed by that article.

13 SEC. 2. Section 1 of this act shall take effect upon the
14 approval by the voters of the State Housing Investment Trust Fund
15 Act of 2004, as set forth in Section 1 of this act.

16 SEC. 3. Section 1 of this act shall be submitted to the voters
17 at the next statewide election in accordance with provisions of the
18 Government Code and the Elections Code governing the
19 submission of a statewide measure to the voters.

20 SEC. 4. (a) Notwithstanding any other provision of law, all
21 ballots of the election shall have printed thereon and in a square
22 thereof, the words: “State Housing Investment Trust Fund Act of
23 2004,” and in the same square under those words, the following
24 in 8-point type: “This act provides for a bond issue of ____ dollars
25 (\$____) to provide funds for a State Housing Investment Trust
26 Fund program.” Opposite the square, there shall be left spaces in
27 which the voters may place a cross in the manner required by law
28 to indicate whether they vote for or against the act.

29 (b) Notwithstanding Sections 13247 and 13281 of the
30 Elections Code, the language in subdivision (a) shall be the only
31 language included in the ballot label for the condensed statement
32 of the ballot title, and the Attorney General shall not supplement,
33 subtract from, or revise that language, except that the Attorney
34 General may include the financial impact summary prepared
35 pursuant to Section 9087 of the Elections Code and Section 88003
36 of the Government Code.

37 (c) Where the voting in the election is done by means of voting
38 machines used pursuant to law in a manner that carries out the
39 intent of this section, the use of the voting machines and the

1 expression of the voters' choice by means thereof are in
2 compliance with this section.

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